

**Subcommittee Financial Institutions and Consumer
Credit
Chairman Spencer Bachus
Testimony
Full Committee Hearing: Dismantling the Financial
Infrastructure
of Global Terrorism
October 3, 2001**

Thank you Mr. Chairman, I commend you for having this hearing. I applaud the President and Secretary O'Neill for the decisive action you took last week to block or freeze terrorist assets in this country and around world. I am gratified to hear that Treasury is receiving a high degree of cooperation from our allies in following the money trail and helping to choke off the sources of terrorist financing.

From what investigators have pieced together of the evidentiary trail thus far, there are still more questions than answers as to how the operation that culminated in the horror of September 11 was bankrolled. But what we do know suggests we should place a much higher priority on non-traditional or "underground" banking systems, that fall largely outside the scope of the formal reporting and record keeping requirements that have been the backbone of the government's anti-money laundering efforts for the last three decades.

While we need to give our law enforcement officials the additional tools they need to uncover and root out the financial infrastructure of terrorism, we must also make sure that the existing tools are being used effectively and wisely. As chairman of the Banking Committee's Oversight Subcommittee in the 104th and 105th Congresses, I chaired a number of hearings examining the operations of the Financial Crimes Enforcement Network, which is the government's lead agency in collecting and analyzing financial intelligence. Those hearings yielded troubling findings -- substantiated by several GAO studies that I commissioned -- suggesting that more can and must be done to enhance and to coordinate the government's efforts to track the dirty money that fuels narco-traffickers, international terrorists, and other large criminal organizations.

The President's executive order freezing and blocking terrorist assets was a powerful first step, and sent a strong message that we will track down and cut off the terrorists' blood money wherever we can find it. Congress needs to examine other measures, including an approach similar to the one that I have put forward in the context of the genocide taking place in Sudan -- conditioning access to U.S. financial markets on other countries' willingness to assist us in the financial war on terrorism declared by our President.

I look forward to hearing the testimony from Secretary O'Neill and other distinguished witnesses today.